

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 EB-07 /017 W
----- 018482
R 080116Z SEP 76
FM AMEMBASSY RANGOON
TO SECSTATE WASHDC 2263

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STADIS////////////////////////////////////

E.O. 11652: N/A
TAGS: EFIN, BM
SUBJ: EXIM POLICY TOWARD BURMA

REF: STATE 291015

1. WE ARE TAKEN ABACK BY THE EXIM ATTITUDE REPORTED IN REFTL
AND WOULD LIKE TO TAKE ISSUE WITH IT ON THREE GROUNDS:

A. BURMA HAS A FAIRLY RESPECTABLE CREDIT RATING
BASED UPON PROMPT REPAYMENT OF FOREIGN OBLIGATIONS. IT IS
TRUE THAT THERE ARE PENDING ITEMS OF COMPENSATION FOR
NATIONALIZED BUSINESS PROPERTY, OWED CHIEFLY TO THE U.K.,
BUT THIS RECORD APPEARS NO WORSE THAN THAT OF SOME OF EXIM'S
OTHER CLIENTS IN THE AREA.

B. COMMERCIAL LOANS, AS OPPOSED TO AID LOANS, SEEM
TO US TO BE A SALUTARY ROUTE FOR BURMA TO TAKE. AS A MINIMUM,
THESE ENTAIL THE APPLICATION OF REASONABLE COMMERCIAL
CRITERIA AND FORCE THE BURMESE TO THINK ALONG THE LINES OF
RETURN FOR INVESTMENT. WE HOPE THAT SUCH THINKING WILL
PROVE HABIT-FORMING.

C. OUR POSTURE TOWARD THE PROPOSED AID CONSULTATIVE
GROUP IS NUANCED: ON THE ONE HAND WE ARE TAKING A KINDLY
INTEREST IN THE MECHANICS OF IOU FORMATION, WHILE ON THE
OTHER, WE ARE NOT PREPARED TO TAKE OUT OUR CHECKBOOK
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UNTIL WE ARE SATISFIED THAT ECONOMIC REFORMS ARE GENUINE

AND WORKEBLE. FOR EXIM TO TURN DOWN LOAN PROPOSALS WITH ANY REGULARITY WILL OVERSHADOW THIS POSTURE WITH A PERCEIVED ONE OF GENERAL USG NEGATIVISM TOWARD THE GUB AND ALL ITS WORKS. OUR PROD WILL, THUS, BECOME POINTLESS.

2. ON A MORE PAROCHIAL LEVEL, THIS ATTITUDE IS NOT HELPFUL TO THE EMBASSY'S TRADE PROMOTION EFFORT, PARTICULARLY WHEN OUR COMPETITORS ARE EXTENDING EXTREMELY GENEROUS TERMS.

3. IF THE DEPARTMENT HAS NO OBJECTION, WE WOULD APPRECIATE ITS FORWARDING OUR VIEWS TO EXIM. ALSO, EMBASSY WOULD APPRECIATE INFORMATION ON WHICH EXIM BASES ITS CAUTIOUS APPROACH TOWARD BURMA. TO BEST OF OUR KNOWLEDGE GUB HAS MET ALL FOREIGN OBLIGATIONS INCLUDING THOSE OF EXIM PROMPTLY.
OSBORN

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Margaret P. Grafeld
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